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FM AMEMBASSY HANOI  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 4636  
INFO RUEHHM/AMCONSUL HO CHI MINH IMMEDIATE 2563  
RUEATRS/DEPT OF TREASURY WASHINGTON DC IMMEDIATE  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC IMMEDIATE  
RHEHNSC/NATIONAL SECURITY COUNCIL WASHINGTON DC IMMEDIATE  
RUEHGP/AMEMBASSY SINGAPORE IMMEDIATE 2282  
RUEHZU/ASIAN PACIFIC ECONOMIC COOPERATION

UNCLAS HANOI 000300

SIPDIS

STATE FOR EB/OMA, EAP/MLS AND EAP/EP  
TREASURY FOR ANDY BAUKOL, CAROL CARNES AND SUSAN CHUN  
STATE PASS USTR DAVID BISBEE  
SINGAPORE FOR SUSAN BAKER

SIPDIS  
SENSITIVE

E.O. 12958: N/A  
TAGS: [EFIN](#) [ECON](#) [ETRD](#) [EINV](#) [VM](#)  
SUBJECT: HUNG RESPONDS UNOFFICIALLY BUT POSITIVELY TO TREASURY  
LETTER, CAPITAL CONTROLS ONLY RUMORS

(U) This cable contains sensitive information and should not be placed on the internet.

REF: (A) HANOI 260  
(B) HANOI 290

¶1. (SBU) Responding to the letter from Treasury Deputy Assistant Secretary Robert Dohner we delivered on February 14 (Ref B), Mr. Bui

SIPDIS  
Huy Hung, International Relations Director in the Prime Minister's Office informally conveyed to us a message acknowledging his reception of the letter.

¶2. (SBU) Hung welcomed the information exchange and offered his assurance that Vietnam is following the Prime Minister's Directive 20 and that no further measures have been issued. He described all the "concerned problems" as "just rumors" and added Vietnam will take into account its WTO and bilateral commitments whenever it takes any actions.

¶3. (SBU) Embassy obtained an unofficial translation of the Prime Minister Dzong's directive 20 to which Mr. Hung refers. It is a "Notice" dated 29 January 2007 (No. 20/TB-VPCP) that describes the conclusions the Prime Minister reached at the end of a meeting on January 18 dealing with the issue of strengthening the management and supervision of securities market activities. It was a meeting of the Government Standing Committee with the Minister of Finance, the Governor of the State Bank of Vietnam, the Chairman of the State Securities Commission and leaders from the Government Office. Noting the success of the stock market in 2006, the PM's notice also identifies issues such as high share prices, quality of information management, insufficient audits and controls, and supervision by the State Securities Commission.

¶4. (SBU) In the notice, the PM requests various ministries and agencies to take appropriate actions to implement the new Securities Law that became effective on January 1, 2007. The PM's directive covers such topics as:

- the participation of foreign investors;
- developing markets of official transactions;
- supervising activities of securities investment funds;
- carrying out the re-registration of representative offices of securities trading organizations;
- supervising transactions in the stock exchange;
- ensuring compliance with the process on execution of trading

orders;  
-- supervising brokerage, investment consultancy activities;  
--the State Bank of Vietnam's initiative in coordinating with the  
Ministry of Finance and State Securities Commission on implementing  
various rules;  
-- establishment and management of interest rate policies, macro  
balance assurance ratio for the economy as well as the  
implementation of the capital market regulating role through these  
policy instruments;  
-- improving the capability of staff to carry out market  
supervision; improving the public's knowledge about risk; and  
-- establishing an organization having sufficient functions, powers  
and capability to supervise the activities of the securities market  
and the monetary market.

15. (U) We are e-mailing the full text of the notice No. 20/TB-VPCP  
to the desks in Treasury and State.

Comment  
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16. (SBU) Mr. Hung's response is reassuring, at least for the  
immediate future, because it means the rumor that the government of  
Vietnam was about to implement capital controls was only just  
that--a rumor.

ALOISI